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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, #14 2004

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**Report Highlights:**

\*Government divided on Grain Export Policy\*, \*India-Brazil alliance key to secure gains of Doha agenda\*, \*Mercosur farm tariff plan puts India in a bind\*, \*Planning Commission chief pitches for collective approach on GM food\*.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1]  
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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### **GOVERNMENT DIVIDED ON GRAIN EXPORT POLICY**

India's new long-term foodgrain export policy has hit a road block, as there is no consensus within the government over doing away with the power to impose quantitative restrictions on wheat and rice exports. The Ministry of Commerce, which is steering the policy, would like to make grain exports market driven, albeit sweetened with a subsidy, that would allow private trade to procure and export unlimited quantities of wheat and rice. But the Ministry of Food has refused to agree, as it wants the government to retain the power to impose quantitative restrictions on exports to ensure that the country does not face food shortages in the future. Nonetheless, a formula for giving a fixed subsidy for all foodgrain exports from India is now taking shape. (Source: Economic Times, 04/08/04)

### **INDIA - BRAZIL ALLIANCE KEY TO SECURE GAINS OF DOHA AGENDA**

India and Brazil, which formed a pre-Cancun alliance to successfully bring into focus trade distorting domestic support and export subsidies by rich agricultural countries, would hold on as they had learnt from the past on how to stick together to achieve positive and productive results, according to the Group of 20 Chairman, Mr. Luiz Felipe Seixas Correa, who is also Brazil's Ambassador to the World Trade Organization. "For the first time in the history of trade negotiations, we have a powerful coalition of developing countries. We are able to influence the content, structure, and direction of the negotiations in a way that is compatible with development aspirations of developing countries," he said. He further added that it is of utmost priority for India and Brazil to preserve it in the coming years so as to secure the development gains of the Doha Development Agenda. (Source: Business Line, 04/08/04)

### **MERCOSUR FARM TARIFF PLAN PUTS INDIA IN A BIND**

The Indian government is in a fix over a proposal from Mercosur (a trade block comprising Brazil, Argentina, Paraguay, and Uruguay) seeking duty reductions on nearly 450 agricultural products in a list of 1,500 items submitted during negotiations for a Preferential Trade Agreement. While India has resisted any move on tariff reduction on agricultural products because of the sensitivities involved, the proposal from Mercosur may not be easy to turn down since Brazil and Argentina are key members of the G 20 Alliance of developing countries. Indian officials said there was no decision on tariff reduction, adding that the Ministry of Commerce would shortly begin the process of consultations with industry chambers and concerned Ministries and Departments. Agriculture Ministry officials, however, maintained that India was not prepared to reduce tariffs on farm and dairy products since the interest of farmers could be at stake. (Source: Business Standard, 04/12/04)

### **PLANNING COMMISSION CHIEF PITCHES FOR COLLECTIVE APPROACH ON GM FOOD**

Recently inaugurating the Asian biotechnology conference in New Delhi, Mr. K.C. Pant, the deputy chairman of India's Planning Commission, urged Asian nations to work collectively in various WTO fora such as the Sanitary and Phytosanitary (SPS) and Technical Barriers to

Trade (TBT) committees, where issues such as labeling and traceability are discussed. He stated that forums such as the Asian Cooperation Dialogue (ACD) have a framework for taking up initiatives on genetically engineered food. He also mentioned that countries should learn lessons on biosafety management, and traceability issues from those already growing genetically engineered crops. (Source: Financial Express 04/08/04)

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REPORT #	SUBJECT	DATE SUBMITTED
IN4033	Weekly Highlights & Hot Bites, #13	04/08/04
IN4034	India Sugar Annual	04/12/04

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